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# GENNUM CORPORATION

ANNUAL REPORT 2001



## CORPORATE PROFILE

Gennum Corporation is a Canadian high technology company that designs, manufactures and markets silicon integrated circuits (ICs), modules and thin-film hybrid microcircuit components for a variety of applications in three target markets: video products, hearing instrument products and data communications. Gennum serves an international customer base from its headquarters in Burlington, Ontario, a design centre in Ottawa and subsidiaries in Japan and the United Kingdom.

## 10 YEAR FINANCIAL HIGHLIGHTS

(In thousands of dollars except as noted)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Income Statement</b>										
Revenue	93,077	106,536	93,615	83,497	61,522	53,496	42,317	33,204	27,492	26,050
R&D Expense	22,523	17,986	15,013	14,620	12,393	10,148	8,523	7,809	7,422	6,990
Net Earnings	10,536	18,774	17,462	16,177	11,935	9,706	6,747	5,113	4,257	4,018
Net Earnings per Share (\$)	0.30	0.53	0.49	0.45	0.33	0.27	0.19	0.14	0.12	0.11
<b>Financial Position</b>										
Cash and Cash Equivalents	15,658	22,924	15,463	30,653	27,776	19,525	13,115	7,950	4,609	3,894
Working Capital	48,278	47,977	36,390	40,435	33,714	23,374	17,863	13,731	10,843	7,430
Capital Asset Expenditures	12,433	9,310	22,807	10,262	3,566	5,479	4,033	2,924	1,852	2,640
Total Assets	106,743	104,380	91,513	82,972	62,840	50,940	39,030	30,460	25,990	23,130
Shareholders' Equity	92,849	87,269	72,736	58,662	45,219	35,543	27,660	22,399	18,997	16,030
<b>Other</b>										
Return on Average Equity (%)	11.7	23.5	26.6	31.1	29.6	30.7	27.0	24.7	24.3	25.6
Number of Employees	507	491	451	392	325	292	264	247	240	233

## COMMON SHARE DATA

(In thousands except per share data)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<b>Shares Outstanding</b>	35,665	35,665	35,665	35,665	35,665	35,665	35,665	35,665	36,072	35,640
<b>Market Data</b>										
- High (\$)	17.00	19.50	20.70	14.65	11.82	9.00	3.00	2.26	2.11	1.53
- Low (\$)	10.00	11.75	13.40	8.42	7.90	3.00	2.14	1.75	1.49	0.94
- Share Volume	8,276	9,599	9,780	7,587	10,704	6,336	10,089	4,329	9,279	7,110
<b>Shareholders' Equity per Common Share (\$)</b>	2.60	2.45	2.04	1.64	1.27	1.00	0.78	0.63	0.53	0.45





## 2001 HIGHLIGHTS

In a challenging economic environment, we expanded our existing product lines, entered new high-growth market segments, maintained our market share in video and increased R&D investment in new technology and applications.

**February** - Opened a design centre in Ottawa, Ontario to capitalize on the high-tech region's skilled workforce and complement our existing development groups.

**April** - Launched the PARAGON™ DIGITAL line of digital signal processing (DSP) hearing instrument components, with superior audio processing and sound quality, low power consumption, and the smallest circuit footprint available.

**April** - Executed a two-year joint marketing agreement with Tyco Electronics, the world's largest passive electronic components manufacturer, to develop and market 10 Gigabit per second (Gbps) solutions to the datacom industry.

**June** - Launched new MultiGEN™ video format conversion components, which convert and enhance standard and high definition signals for production, broadcast, and viewing in either format.

**July** - Launched new datacom products that allow high-speed data transmission over copper wire and printed circuit boards of rates up to 10.7Gbps.

**September** - Introduced the next generation of HDTV multi-rate transmission components at the International Broadcasting Convention.

## CORE STRENGTHS

**High-Speed Transmission** - Gennum has leading capability in high-speed signal transmission over copper wire and printed circuit board traces.

**Miniature Packaging** - Gennum's specialized packaging technology combines active and passive components in reliable, highly miniaturized multi-chip modules.

**Low Power** - Gennum's unique expertise enables the development of sophisticated signal processing products that consume extremely low levels of power.

**Customer Focus** - Gennum's core markets have distinct needs that are not well served by general purpose solutions. Our intimate knowledge of these market requirements, combined with our expertise and commitment to R&D, allow us to offer solutions that deliver superior value.

# MESSAGE TO SHAREHOLDERS

**"In 2002, Gennum will continue to build for the future. I am confident we have the ideas, capital and talent required to achieve consistent, superior and long-term growth in value for shareholders, customers and partners."**

- Ian McWalter, President & Chief Executive Officer

We report to you on fiscal 2001 with a mix of disappointment and enthusiasm. Revenue and earnings fell short of our targets, reflecting a slowing world economy in general and softness in the US and Japanese video markets in particular. We responded to this by carefully controlling our discretionary expenses, while maintaining our R&D investment levels. We believe that the current downturn has in no way affected our financial strength or long-term growth potential. We remain confident that we have a winning strategy and, over the last year, we have significantly improved our long-term competitive position in our target markets. With the launch of several leading products, we maintained or increased our market share in all segments of our business.

In last year's report, we told you how Gennum was planning to broaden its vision — and we've done just that. In fiscal 2002, we'll continue to build for the future. We believe that we are in an excellent position to increase the scope of our business, expand our market positions and achieve sustainable profitable growth.

Our growth strategy is to leverage our competitive strengths — in high-speed transmission, miniaturization, low-power design techniques and customer focus — to achieve and maintain a leadership position in selected specialized markets that require our expertise and offer significant growth opportunities.

In fiscal 2001, we launched our first digital hearing instrument components, unique in the industry for their combination of high fidelity and low-power consumption. We also introduced format conversion products that enable new levels of performance in the scaling of video and graphic images. Both markets have excellent long-term potential.

We entered the data communications marketplace with a suite of products designed for high-speed data transmission over copper wire at rates of up to 10 Gigabits per second (Gbps), without the loss of signal integrity. Our 10Gbps backplane equalizer is the fastest product of its kind available on the market today.

Our R&D spending last year represented approximately 25% of sales, and our target for 2002 is just over 20% of sales. This investment is vital to increasing long-term value of the company. In 2001, we successfully developed and launched more and increasingly complex products than in any other year in Gennum's history. We also strengthened our design teams and significantly reduced design cycle times.



Technology alone, however, does not win market share. What makes Gennum's value proposition compelling is our commitment to understanding the market challenges our customers face. Our people combine dedication, technological expertise and vision to develop long-term, flexible and high-performance solutions and lasting partnerships with our customers. As a result, our solutions are not general purpose but specialized applications that address very specific needs and raise the bar for our competitors within the industry.

Through the past year we've maintained constant dialogue with customers around the world to ensure we understand how their needs are evolving. We believe that this commitment to customers is a distinct advantage in sustaining our competitive edge.

Our entire organization is aligned to create high-quality products. We monitor our quality carefully and in 2001, reflecting our continuous improvement culture, we were able to enhance all our indicators.

I would like to take this opportunity to thank all our employees, not only for their tangible contributions in creating value for the company, but for their integrity, loyalty and dedication.

Our outlook for the year ahead, and beyond, is positive. While we expect economic uncertainty in our markets well into 2002, we believe our strong portfolio of products positions us well to capture new business and earn market share.

We anticipate that the new digital hearing instrument and video format conversion products introduced in 2001 will contribute to sequential top-and bottom-line growth through 2002. On the data communications front, we expect a significant contribution within a three-to five-year timeframe. A number of new products, in all areas of business, are scheduled for the coming year. Within three years, our goal is to exceed our historical annual growth rate.

Mr. Marcel Bernard will be stepping down from the Board of Directors. On behalf of Gennum, I would like to express appreciation for his valuable contribution over the past ten years.

Overall, we continue to believe that the company is in an excellent position to capitalize on its growth opportunities in existing and new markets, thereby creating consistently above-average shareholder returns.



Ian McWalter  
President & Chief Executive Officer

# VIDEO PRODUCTS

**"Gennum is well positioned to increase its market share in video, thanks to our leading transmission and image processing technology, and our highly-skilled team of talented professionals dedicated to meeting the specialized needs of our customers."**

- David Lynch, Vice President & General Manager, Video Products

## WHAT WE DO

Gennum is the leading provider of high-performance components to video equipment and systems manufacturers for broadcast television studios, and production and post-production houses for video and film content creation, with a product range encompassing analog video processing, serial digital video transmission, video format conversion and image processing for both standard and high definition TV applications.

## THE OPPORTUNITY

Worldwide, consumers and producers are demanding larger and more sophisticated displays as well as increased speed and quality of transmission. At the same time, the television production and broadcasting industries are experiencing a significant technology shift from standard definition (SDTV) signal quality to digital and high definition (HDTV) quality, making format conversion or image processing technology a necessity to ensure superior signal quality and picture regardless of the standard or display. Only one integrated circuit (IC) provider focuses strictly on developing components for these video applications, and that pioneer is Gennum.

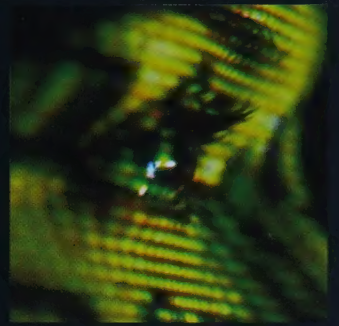
## GENNUM'S VALUE PROPOSITION

We're recognized as the world leader in the high-speed transmission and enhancement of video data over copper wires, with the widest selection of products in the industry. And with our state-of-the-art 'systems on a chip' (SOC) technology we deliver a full range of image processing and video routing capability and allow the customer to reap significant benefits in performance and size.

We've also made a name for ourselves in HDTV, and enjoy a particularly strong share of the HDTV infrastructure microelectronics market. Leading broadcasters and production houses in North America and Japan use our component products to ensure the highest quality and reliability for transmission of this new video standard within their facilities.

Differing standards create strong demand for format conversion, one of the fastest growing segments in the industry and an area where we're making significant progress. Our flagship MultiGEN™ line of format conversion products offers high-quality scaling of video and graphic images, compatible with SDTV and HDTV signals, for broadcast systems and applications, such as high-end post production and special effects, large venue displays, plasma screens, projectors, and home theatre systems. These products generated significant industry interest at both the InfoComm Show & Convention and the International Broadcasting Convention (IBC) this year, where they were very well received.





We're a company that focuses on creating value for our markets. Early in the year we strengthened our ties with customers by introducing applications labs in both Japan and the UK. We focus on each customer's specific needs to develop just the right solution. Then, we employ advanced CAD design technologies to deliver superior product designs and faster times-to-market. Our commitment to the customer doesn't end when the product is shipped – our ongoing technological support is unmatched in the industry.

These strengths have made Gennum the first choice of international customers. Our active participation in industry standards organizations, such as the Society of Motion Picture Engineers (SMPTE) and the Digital Display Working Group (DDWG), affirms our technology leadership and positions us to influence the rules governing the interoperability of products and standards, giving us a strong competitive edge.

### MARKET TRENDS

Difficult economic conditions made for a challenging year in the video market, resulting in deferred capital investments as broadcasters' advertising revenue decreased, particularly in the latter half of 2001. Although year-over-year video revenue was down, we grew our market share. This reflects the wide range of our product portfolio and the strength of our customer relationships.

Looking ahead, the film and video industries in Japan and North America remain committed to the HDTV signal format with rapid introduction about to begin with Japan's rollout of HDTV Terrestrial service in 2003. We expect the shift from SDTV to accelerate over the next few years. Of the 1600 broadcasters in the US, over 200 have already adopted HDTV facilities.

### OUTLOOK

In 2002, we intend to maintain market leadership in high-end video with the launch of several new products for transmission and image processing applications, as well as new algorithms to further improve image quality.

Our technology also has applications in the consumer market, in flat-panel television displays and home entertainment systems. And in the years ahead, the convergence of video and data will present a myriad of growth opportunities.

Our long-term outlook for the video business is positive. We expect the video transmission and image processing markets combined to grow substantially over the next five years. We're continuing to partner with leading customers to strengthen our offering, and are exploring possible business opportunities in new markets where our focus on video image quality can add significant customer value.



# HEARING INSTRUMENT PRODUCTS

**“Our technology capabilities and enthusiasm for applying them in new, innovative ways have made Gennum a recognized leader and valued partner in the hearing instruments industry.”**

- Gora Ganguli, Vice President & General Manager, Hearing Instrument Products

## WHAT WE DO

Gennum develops and supplies a wide range of components for use by manufacturers of analog and digital signal processing hearing instrument products. Our integrated circuits can be found in almost two-thirds of the world's analog hearing instruments, and we're positioned to achieve rapid penetration of the digital segments.

## THE OPPORTUNITY

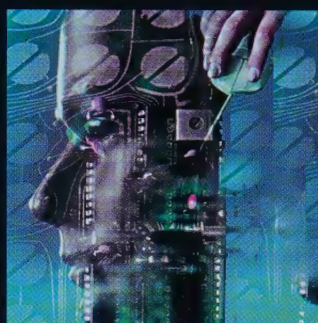
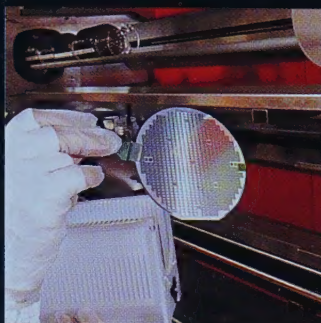
Continuing advances in audiological research are enabling the development of sophisticated techniques to address the many facets of hearing impairment. These techniques require increasingly complex and high-performance sound processing hardware. Advances in digital technology and increasing understanding of its use for hearing instruments will make this technically feasible. The efficient use of this technology, from design through manufacturing, and benefits from growing economies of scale are expected to make high-performance instruments accessible to a much larger portion of the market.

## GENNUM'S VALUE PROPOSITION

The combination of high-fidelity audio processing with low noise and distortion makes our DSP offering unique in the marketplace. We ensure accurate sound reproduction and enhanced sound quality with our patent-pending Head Room Extension (HRX™) algorithm and analog-to-digital-to-analog conversion expertise. Additionally, our thinSTAX™ packaging technology pushes the limits of assembly technology to ensure that our circuits are the smallest available in the industry today. At the same time, our sophisticated signal processing schemes consume extremely low levels of power – an absolute requirement for a battery-powered device that is as size-constrained as a hearing instrument. Simply, our technology is the smallest, most power-efficient programmable solution on the market.

Gennum strives to provide increasing value to our customers, the manufacturers of hearing instruments. In 2001, we introduced an online Application Resource Kit™ (ARK), a unique software tool that allows customers to tailor the base set of software to their individual needs. The interface allows non-software developers to interactively and rapidly reconfigure key components of their software design. ARK accelerates the design process of a hearing instrument and has been enthusiastically received by our customers.





## MARKET TRENDS

Historically, the hearing instrument product market has posted steady but slow growth, a trend we expect to continue in the short to medium term. But the longer-term opportunities in this market are changing. The digital share of the market, which represents approximately 20% of units currently sold, is expected to grow to 50% or more within five years, creating a significant opportunity for Gennum to win new business.

Advances in semiconductor technology and circuit design are providing increasingly powerful hardware platforms that permit greater functionality and performance of hearing instruments. Technological advances are also decreasing prices of hearing instruments and creating market growth opportunities in developing countries.

Convergence of technology and markets will provide the interesting possibility for hearing instruments to grow beyond their current classification as medical devices and the demographics are certainly compelling as we look forward to the end of this decade.

## OUTLOOK

Gennum is the leading provider of analog products and is positioned for rapid growth in the DSP arena of hearing instruments. We are actively pursuing customer opportunities and expect our digital products to make a significant revenue contribution in fiscal 2002.

We enter 2002 with strong design-win momentum and a compelling portfolio of high-performance, competitively priced products for the DSP hearing instrument products market. We will continue to develop partnerships with key customers to strengthen our value proposition. We will also continue to leverage our competencies in high-fidelity sound, miniaturized packaging, and low-power integrated circuits to grow our market opportunities in the hearing instrument industry as well as in new markets.

# DATA COMMUNICATIONS PRODUCTS

**“In the datacom market, we’re leveraging our high-speed transmission expertise developed in the video products business. Gennum’s current 6 Gigabit and 10 Gigabit datacom offerings are novel and have been well received by prospective customers.”**

- Mike Fielding, Executive Vice President

## WHAT WE DO

Gennum has commenced development and supply of high-performance ICs for very high-speed serial backplane applications and future broadband infrastructure data networking solutions. This represents a new line of business for the company.

## THE OPPORTUNITY

In today’s high-performance communications systems, moving data at multi-gigabit rates across the backplane – a large interconnecting circuit board that acts as an internal signal ‘expressway’ – is a major bottleneck. We’ve developed a solution that relieves this congestion and allows backplane speeds of four times that which was previously possible.

Introduced in July, our initial data communications products recover signals at serial data rates of up to 10.7Gbps, the fastest of any similar product on the market today.

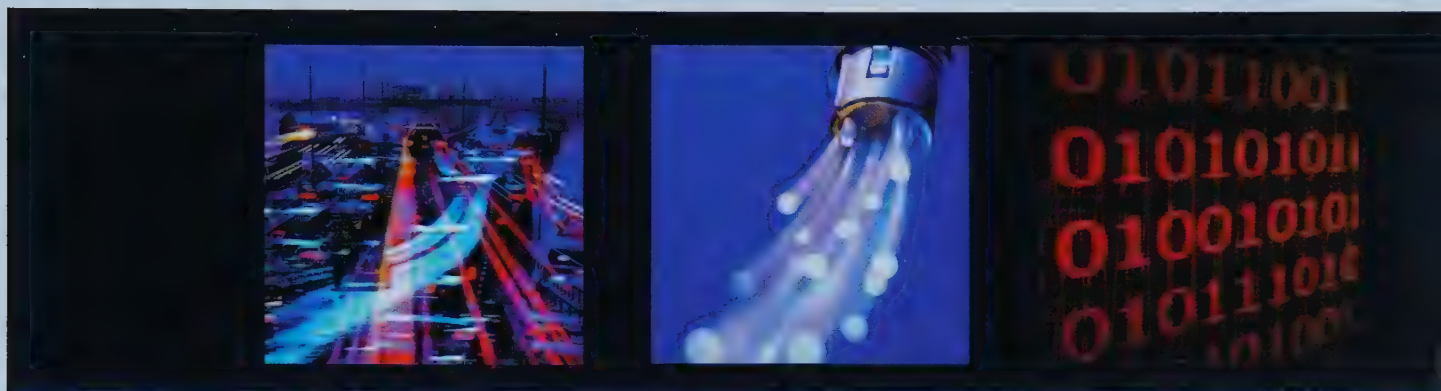
## GENNUM’S VALUE PROPOSITION

What makes our products unique is that they facilitate signal transmission over traditional backplane approaches, not expensive or unproven technologies. And until now, serial backplane solutions at a high rate – 10 Gigabits per second – using conventional backplane design techniques was unachievable. Our products allow customers to extend their existing systems’ capabilities and also simplify the design of higher speed backplanes for data communications systems. This means a significant reduction in time to market and design risk.

## END-USE APPLICATIONS

Gennum’s datacom equalizers recover what would otherwise be an unusable signal, after it has traversed a backplane. This dramatically increases the useable length of copper wire or traces in high data rate applications such as 10Gbps Ethernet switches, 10Gbps Fiber Channel switches, terabit routers, Metro Area Networking equipment, and digital cross-connects, among others.





### OUTLOOK

Demand for such technology is dramatically increasing as public and private network users are transporting larger, more complex data files featuring audio, video and data – and expect no delays and no errors.

During the year, we partnered with Tyco Electronics, a recognized international market leader, and are now pursuing relationships with other industry innovators. We attended our first datacom trade show, the Communications Design Conference, and are continuing to aggressively market our offering to generate design wins. In fact, we've won our first design-ins and are planning to launch new products in the next year, all of which are expected to contribute to our top line in the latter part of 2002.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the company's fiscal 2001, 2000 and 1999 Consolidated Financial Statements and accompanying notes.

This document may contain forward-looking statements, relating to the operations or to the environment in which we operate, which are based on our operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond our control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include those set forth in this report and other public filings. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### OVERVIEW

Gennum Corporation, a Canadian high technology company, designs, manufactures and markets silicon integrated circuits (ICs) and modules and thin-film hybrid circuits for a variety of processing applications. Approximately 500 skilled employees serve an international customer base from offices in Burlington and Ottawa, Canada, and through subsidiaries in the United Kingdom and Japan.

Our existing offering includes products for the video, hearing instrument and data communications markets.

### Video Products

As a component supplier, we serve the manufacturers of video equipment and systems for broadcast television content creation and distribution. The equipment and its components must meet the industry's highest performance standards, as content must be originated at the highest quality level possible. Our product lines include GENLINX™ and HD-LINX™ for sending and receiving video signals, and MultiGEN™ which makes possible the processing and conversion of video content.

The move towards digital television capability, particularly high definition (HDTV) in broadcast television studios is fuelling Gennum's development activity and long-term growth. This trend, driven by the digitization of video content creation as well as by consumer demand for an improved viewing experience, is likely to benefit program producers and equipment suppliers alike.

### Hearing Instrument Products

We supply semiconductor components to virtually all of the world's manufacturers of hearing instruments. These instruments help people suffering from hearing loss. We produce about 140 different integrated circuits (ICs) for this industry, ranging from single-function ICs to complex miniaturized modules containing a number of ICs coupled with other passive electronic parts. We have capability in micro-power chip design and multi-chip miniaturized packaging, which positions us to meet demand for increasingly sophisticated hearing instruments that are small enough to fit unobtrusively in the ear canal.

### Data Communications Products

In 2001, Gennum established a new product line in the high-speed data communications market. Revenue in this market was not material in 2001. This business leverages our video group's core competencies in high-speed signal transmission. The ICs required for datacom transmission are similar to those used in video transmission, although they operate at higher data rates and to different standards. This similarity enabled Gennum to rapidly develop and announce the first datacom products in 2001 – the world's highest speed equalizers at 6.4Gbps and 10.7Gbps. These unique high-speed products formed the basis of a joint marketing agreement with Tyco Electronics, aimed at introducing practical high-speed serial solutions to the data communications market.



## COMPARISON OF OPERATING RESULTS (for the Years Ended November 30, 2001, 2000 and 1999)

### Revenue

(In millions of dollars)

	12 months ended Nov 30				
	2001	2000	Change in 2001	1999	Change in 2000
Video products	43.4	55.3	-21.6%	45.6	21.2%
Hearing instrument products	48.4	49.7	-2.5%	46.6	6.7%
Other components	1.3	1.5	-16.2%	1.4	7.1%
Total revenue	93.1	106.5	-12.6%	93.6	13.8%

Revenue from video products decreased 21.6% in 2001, primarily due to reduced revenue from standard definition products, especially in North America and the Pacific Rim, arising from reduced capital expenditures by broadcasters. In 2000, revenue increased 21.2% over 1999, driven by strong demand from broadcasters for equipment used to create digital content as well as by our significant share in HDTV studio infrastructure equipment. Video products represented 46.6% of total revenue in 2001, 51.9% in 2000 and 48.7% in 1999.

Hearing instrument product revenue decreased 2.5% in 2001, reflecting weaker sales of analog products resulting from the continued switch to digital signal processing products, as well as overall softness in the hearing instrument market. Fiscal 2000 revenue increased 6.7% reflecting continued flat demand in the market worldwide for analog hearing components. Gennum launched its first digital signal processing products in April 2001 which are expected to make a significant revenue contribution in fiscal 2002. In 2001, revenue from hearing instrument products represented 52.0% of total revenue compared with 46.7% in 2000 and 49.8% in 1999.

Revenue of other products contributed 1.4% to overall revenue in 2001 and 2000 and 1.5% in 1999. Revenue from these older products continues to erode slowly over time.

### Operating Expenses Excluding R&D

(In millions of dollars)

	12 months ended Nov 30				
	2001	2000	Change in 2001	1999	Change in 2000
Operating expenses (including cost of goods)	60.1	64.0	-6.0%	54.5	17.4%
Percentage of revenue	64.6%	60.0%	4.6%	58.2%	1.8%

The 4.6% increase in operating expenses (including cost of sales and excluding R&D) as a percentage of revenue for fiscal 2001 resulted from three factors. First, management discontinued the past practice of allocating non-manufacturing administration costs to inventories. In addition, a higher percentage of year-over-year revenue was derived from lower-margin hearing instrument products, resulting in an unfavourable margin mix variance. Finally, manufacturing overheads, including personnel costs, increased as a percentage of revenue, as a result of lower year-over-year revenue, as management decided to maintain manufacturing capacity in anticipation of increasing demand in 2002.

Sales, marketing and administration expenses decreased 12.9% in 2001, in line with the reduction in revenue. This resulted from a reduction in performance-based compensation under the company's profit sharing and incentive plans as well as control of discretionary expenses.

Operating expenses (including cost of sales and excluding R&D) as a percentage of revenue increased to 60.0% in 2000 from 58.2% in 1999, primarily reflecting increased sales and marketing expenses related to the Japanese and UK subsidiaries and costs associated with our transition to new manufacturing facilities.

### R&D Expenditures

(In millions of dollars)

	12 months ended Nov 30				
	2001	2000	Change in 2001	1999	Change in 2000
R&D expense	22.5	18.0	25.2%	15.0	19.8%

R&D investment in 2001 increased to 24.2% of revenue from 16.9% of revenue last year and 16.0% in 1999. Fiscal 2001 was a record year for new product introductions, including the launch of our first DSP hearing instrument product and our new datacom and video format conversion businesses. For the last two years, our spending has targeted increased product development capacity. We have significantly strengthened our R&D team, with the hiring of more designers and the addition of further design automation software to handle increased product development complexity. Additionally, there was an increase in the total cost of mask sets for new hearing instrument and video products fabricated in advanced silicon technology.

### Income Taxes

(In millions of dollars)

12 months ended Nov 30					
	2001	2000	Change in 2001	1999	Change in 2000
Income taxes	5.0	10.8	-53.6%	10.9	-1.1%

Income taxes for the year represented 32.2% of income before taxes, down from 36.5% in 2000 and 38.5% in 1999. The decrease in income taxes in 2001 is mainly due to reduced corporate tax rates.

### Net Income

(In millions of dollars except EPS)

12 months ended Nov 30					
	2001	2000	Change in 2001	1999	Change in 2000
Net Income	10.5	18.8	-43.9%	17.5	7.5%
Net Income as a Percentage of Revenue	11.3%	17.6%	-6.3%	18.7%	-1.0%
Earnings per share (diluted)	\$0.30	\$0.53	-43.4%	\$0.49	8.2%

The decrease in net income in 2001 and the increase in 2000 are due to changes in revenue, operating expenses and R&D investment, as outlined above.

### SELECTED CONSOLIDATED FINANCIAL INFORMATION

(In thousands of dollars except per share amounts)

Quarter Ended	Revenue	Net Earnings	Earnings Per Share
February 29, 2000	26,737	4,861	0.14
May 31, 2000	28,199	5,724	0.16
August 31, 2000	26,223	4,350	0.12
November 30, 2000	25,377	3,840	0.11
February 28, 2001	24,541	4,149	0.12
May 31, 2001	23,688	2,341	0.07
August 31, 2001	22,678	2,848	0.08
November 30, 2001	22,172	1,197	0.04

### LIQUIDITY AND CAPITAL RESOURCES

#### Cash and Cash Equivalents

Cash and cash equivalent balances at November 30, 2001 were \$15.7 million, down 31.7% from \$22.9 million at the end of fiscal 2000. The reduction in cash for the year resulted from a combination of three factors.

- Lower net income.
- Additional capital expenditure on manufacturing and R&D equipment and new land and building.
- Increased non-cash working capital.

Cash and cash equivalent balances in fiscal 2000 increased 48.3% from \$15.5 million in 1999.



### **Accounts Receivable**

Accounts receivable at November 30, 2001 were down 1.3% to \$14.1 million from \$14.3 million at the end of fiscal 2000. Despite careful management of accounts receivable, many customers slowed their payments as a result of the current economic environment. No significant write-offs have occurred in the current year. During 2000, accounts receivable balances increased 11.0% from \$12.9 million in 1999.

### **Inventories**

Inventories at year end were \$25.4 million, up 3.1% from the end of fiscal 2000. Higher inventories in 2001 resulted from lower than expected sales as well as the building of inventories for new product launches. Notably, inventories at year end decreased from \$27.5 million at the end of the third quarter, reflecting the ongoing adjustment of production levels. Additionally, approximately one-half of this sequential reduction was attributable to the discontinuation of the past practice of allocating non-manufacturing administration costs to inventories. Inventories increased by only 3% to \$24.7 million in fiscal 2000, despite a 13.8% increase in revenue.

### **Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at November 30, 2001 were \$10.7 million versus \$15.5 million at the end of fiscal 2000 and \$12.9 million at the end of fiscal 1999. The 2001 balance reflects the reduced accrual for the profit sharing and incentive plans. Gennum annually accrues amounts required to meet its obligations under its profit sharing and incentive plans. These amounts are paid out in the first part of the subsequent year.

### **Capital Expenditures**

Capital additions during 2001 amounted to \$12.4 million, up from \$9.3 million in the previous year and down from \$22.8 million in 1999. Capital expenditures in 2001 related primarily to the upgrading of our R&D design tools to improve product development efficiency and to the purchase of land for a new office building. In addition, we continued to upgrade manufacturing equipment in assembly, thin film and silicon operations. In 1999, capital costs of \$15.1 million were incurred to complete the new manufacturing and research and development facility.

### **Dividends**

In 2001, we paid a dividend of \$4.3 million, or 12 cents a share. In 2000, we paid a dividend of \$4.1 million, and in 1999, a dividend of \$3.4 million.

## **RISKS AND UNCERTAINTIES**

Our company is subject to a number of risks and uncertainties that can significantly affect our financial condition and our future financial performance. We have a comprehensive planning process where risks are identified and plans initiated to minimize risks wherever possible. Key risks include, among others:

### **Reliance on Foundries and ASIC Providers**

We currently rely on external foundries and Application Specific Integrated Circuit (ASIC) providers to manufacture certain products used in our components. There can be no assurance that these manufacturers will be able to meet our near-term or long-term manufacturing requirements. Reliable relationships with suppliers are key to ensuring adequate product supply. An inability to maintain these relationships could have an adverse impact on sales and operating results.

### **Reliance on Key Employees**

Our future success is dependent on key employees. Competition in our industry for high-level and competent engineering, marketing and sales staff and executive management is intense. We believe that Gennum's corporate culture, strong values and emphasis on career development and competitive remuneration position us as a preferred employer for qualified professionals. However, there is no assurance that we will be able to retain existing personnel, or attract and hire additional qualified personnel. The loss of certain key employees, or the inability to hire and attract key employees, could affect our business.

### **Highly Competitive Environment**

The markets in which we compete, and are expecting to compete in the future, are highly competitive and characterized by rapid technological change and new product introductions. The relative consistency of our financial performance since inception reflects our ability to compete successfully in this environment. Our long-term focus on R&D, combined with our constant effort to anticipate customers' evolving needs and focus on quality, helps to ensure a compelling value proposition. However, the entry of new competitors into the market or the introduction of competitive products on a more timely basis, or with superior functionality to ours, could have a material adverse effect on our business, results of operations and financial condition.

## New Markets

Gennum recently entered the video format conversion and data communications markets. We focus on developing strategic relationships with leading companies around the world in each of our target markets, to help ensure the relevance and acceptance of our products. However, our ability to succeed in these markets is subject to uncertainties, including market acceptance of our products, time to market, new competitors and customers, and the establishment of distribution channels.

## Economic Cycles

Historically, the semiconductor industry has been characterized by wide fluctuations in product manufacturing, assembly and testing, and supply and demand. From time to time, the industry has also experienced significant downturns, often in connection with, or in anticipation of, declines in general economic conditions. These downturns have been characterized by diminished product demand and production overcapacity. In times of high growth, production capacity may be unavailable. Although we maintain constant dialogue with our customers to gauge current and expected market conditions and spending patterns, industry-wide fluctuations in the future could have a material adverse effect on our business, financial condition and results of operations.

## Short-Term Operating Expenses

Many of our research, development, marketing, general and administrative expenses are fixed in the short term, while revenue is not. This means that fluctuations in revenue may cause profit to increase or decrease significantly.

## Reliance on Key Customers

Customers often shift buying patterns as they manage inventory levels or change their orders for various reasons. If one or more customers were to delay, reduce or cancel orders, our overall orders may fluctuate and could adversely affect future revenue streams. Only one customer currently represents slightly more than 10% of revenue.

## Intellectual Property

To compete effectively we must protect our proprietary information. However, competitors may independently develop technologies that are similar or better than ours. We protect our intellectual property through patents, where possible.

## Foreign Exchange

We are exposed to foreign currency rate fluctuations as a significant part of our revenue is earned in US Dollars, Japanese Yen and UK Sterling. Expenses are incurred mainly in Canadian Dollars.

## OUTLOOK

Despite a difficult economic climate in fiscal 2001, we maintained or increased our market shares and focused on strategic R&D investment to enhance our long-term competitive edge. It was an outstanding year for new product launches, including DSP hearing instrument components, format conversion products for the video marketplace and an innovative datacom offering.

We ended 2001 with financial flexibility and a strong pipeline of products, which ideally positions us to capitalize on the economic upswing when it occurs.

Our growth strategy for 2002 and beyond remains unchanged:

- Pursue a leadership position in the high-speed datacom market.
- Strengthen our competitive edge in HDTV, format conversion and digital hearing instrument products.
- Leverage our core competencies in new markets where our technological expertise is in demand.
- Exercise tight control over discretionary expenses.
- Continue ongoing dialogue with our global customer base to monitor industry conditions and develop new business opportunities.

While we expect economic uncertainty in our markets to continue, we anticipate top- and bottom-line growth in 2002, as our new DSP hearing instrument and format conversion products begin to make a significant contribution. On the data communications front, we expect increased revenue in the next year, with significant returns thereafter.

We remain committed to long-term value creation for our shareholders, our customers, our employees and our partners.



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Gennum Corporation and the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in the annual report, and has ensured that it is consistent with the financial statements.

Gennum Corporation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting, and the Board is ultimately responsible for reviewing and approving the financial statements.

An Audit Committee is appointed by the Board and all of its members are outside directors. The Committee meets periodically with management, as well as with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to review the annual financial statements. The Committee reports its findings to the Board of Directors for consideration in approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the shareholders. Ernst & Young LLP has full and free access to the Audit Committee.



Ian McWalter  
President & Chief Executive Officer



Peter Bloch  
Vice President, Finance and Administration & Chief Financial Officer

## AUDITORS' REPORT

To the Shareholders of Gennum Corporation

We have audited the consolidated balance sheets of Gennum Corporation as at November 30, 2001 and 2000 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at November 30, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Mississauga, Canada  
December 13, 2001



Chartered Accountants

## CONSOLIDATED BALANCE SHEETS

As at November 30

(In thousands of dollars) 2001 2000

**ASSETS****Current**

Cash and cash equivalents	15,658	22,924
Accounts receivable	14,064	14,255
Inventories (note 3)	25,405	24,650
Prepaid expenses and other assets	2,478	1,697
Income taxes recoverable	3,554	873

<b>Total current assets</b>	<b>61,159</b>	<b>64,399</b>
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Future income taxes (note 8)	172	—
Capital assets (note 4)	45,412	39,981
	<b>106,743</b>	<b>104,380</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY****Current**

Short-term bank loan (note 5)	1,281	—
Accounts payable and accrued liabilities	10,656	15,521
Future income taxes (note 8)	944	901

<b>Total current liabilities</b>	<b>12,881</b>	<b>16,422</b>
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Future income taxes (note 8)	1,013	689
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**Shareholders' equity**

Capital stock (note 6)	6,994	6,994
Retained earnings	86,671	80,415
Cumulative translation adjustment (note 9)	(816)	(140)

<b>Total shareholders' equity</b>	<b>92,849</b>	<b>87,269</b>
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	<b>106,743</b>	<b>104,380</b>
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See accompanying notes

On behalf of the Board:



Director



Director



# CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years ended November 30

(In thousands of dollars except per share amounts)	2001	2000
<b>Revenue</b> (note 7)	93,077	106,536
Investment income	591	777
	93,668	107,313
Expenses excluding amounts shown below	60,121	63,951
Research and development expense	22,523	17,986
Less government assistance	(4,521)	(4,199)
	78,123	77,738
Earnings before income taxes	15,545	29,575
Provision for income taxes (note 8)	5,009	10,801
<b>Net earnings for the year</b>	10,536	18,774
Retained earnings, beginning of year	80,415	65,742
Dividends	(4,280)	(4,101)
<b>Retained earnings, end of year</b>	86,671	80,415
<b>Earnings per share</b> (note 6)		
Basic	\$0.30	\$0.53
Diluted	\$0.30	\$0.53
<b>Dividends declared per share</b>	\$0.12	\$0.12

See accompanying notes

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended November 30

(In thousands of dollars)	2001	2000
<b>OPERATING ACTIVITIES</b>		
Net earnings for the year	10,536	18,774
Items not affecting cash		
Amortization	7,007	6,436
Future income taxes	195	185
	17,738	25,395
Net change in non-cash working capital balances related to operations (note 10)	(9,045)	(4,504)
<b>Cash provided by operating activities</b>	<b>8,693</b>	<b>20,891</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(12,433)	(9,310)
<b>Cash used in investing activities</b>	<b>(12,433)</b>	<b>(9,310)</b>
<b>FINANCING ACTIVITIES</b>		
Short-term bank loan	1,291	—
Dividends paid	(4,280)	(4,101)
<b>Cash used in financing activities</b>	<b>(2,989)</b>	<b>(4,101)</b>
Effect of exchange rate changes on cash and cash equivalents	(537)	(19)
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>(7,266)</b>	<b>7,461</b>
Cash and cash equivalents, beginning of the year	22,924	15,463
<b>Cash and cash equivalents, end of the year</b>	<b>15,658</b>	<b>22,924</b>

See accompanying notes



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

November 30, 2001 and 2000

(all tabular amounts in thousands of dollars except share data)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gennum Corporation [the "company"] have been prepared in accordance with Canadian generally accepted accounting principles and within the framework of the accounting policies summarized below:

### Revenue recognition

Revenue from sales of products is recognized when title passes to customers, which is generally at the time goods are shipped.

### Principles of consolidation

These consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Gennum Japan KK and Gennum UK Limited. All significant intercompany transactions have been eliminated.

### Cash and cash equivalents

Cash and cash equivalents include cash on deposit and term deposits with remaining maturities of three months or less at acquisition.

### Translation of foreign currencies

Monetary assets and liabilities of the company denominated in foreign currencies are translated at year-end exchange rates. Revenue and expenses are translated at actual rates of exchange when the transaction occurred. Exchange gains and losses on these items are recognized in earnings in the current year.

The company's operations outside of Canada are considered self-sustaining and accordingly, the assets and liabilities are translated to Canadian dollars using the year-end exchange rates and revenue and expenses are translated at the average rates during the year. Exchange gains or losses on translation of the company's net equity investment in these operations are deferred as a separate component of shareholders' equity.

The appropriate amounts of exchange gains or losses accumulated in the separate component of shareholders' equity are reflected in earnings when there is a reduction in the company's net investment in the operations that gave rise to such exchange gains and losses.

### Inventories

Inventories are recorded at the lower of cost and net realizable value. Inventory cost is based on average cost and includes material, labour and manufacturing overhead where applicable.

### Capital assets

Capital assets are recorded at cost, net of related government assistance.

Buildings are amortized using the straight-line method over estimated useful lives of 20 years. Machinery and equipment are amortized using the straight-line method over estimated useful lives ranging from three to seven years.

### Government assistance

The company makes periodic applications for financial assistance under available government incentive programs including investment tax credits. Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets. Government assistance relating to research and development expense is recorded as a reduction of expenses when the related expenditures are incurred.

### Income taxes

The company follows the liability method of income tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

**Stock-based compensation plan**

No compensation expense is recognized for stock options granted under the company's Stock Option Plan. Consideration paid on the exercise of stock options is credited to capital stock.

**Earnings per share**

The calculation of earnings per share is based on reported net earnings divided by the weighted average number of shares outstanding during the year. Diluted earnings per share reflects the assumed conversion of all dilutive securities using the treasury stock method.

**Use of estimates**

The preparation of the consolidated financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**2. ACCOUNTING CHANGES****Income taxes**

Effective December 1, 2000, the company retroactively adopted the new recommendations of The Canadian Institute of Chartered Accountants (CICA) with respect to accounting for income taxes. This change had no impact on the accounts of the company for the current or prior year. Under the new liability method, future income tax assets and liabilities are determined based on the reported differences between the basis of assets and liabilities used for financial statement and income tax purposes. Such differences are then measured using substantially enacted tax rates and laws that will be in effect when these differences are expected to reverse. Prior to the adoption of the new recommendations, income tax expense was determined using the deferral method of tax allocations.

**Earnings per share**

Effective December 1, 2001, the company retroactively adopted the new recommendations of the CICA with respect to the computation of diluted earnings per share. Under the new standards, the treasury stock method is used in determining the dilutive effect of the options. Previously, the imputed earnings approach was used [this change had no impact on the current or prior reported amounts].

**3. INVENTORIES**

	2001	2000
Raw materials and supplies	5,335	6,301
Work in process	13,782	12,023
Finished goods	6,288	6,326
	25,405	24,650

**4. CAPITAL ASSETS**

	2001	2000
Land	2,838	1,158
Buildings	30,003	29,463
Machinery and equipment	54,236	47,655
Construction in progress	5,319	1,682
	92,396	79,958
Less accumulated amortization		
Buildings	9,186	7,432
Machinery and equipment	37,798	32,545
	46,984	39,977
	45,412	39,981



The cost of machinery and equipment additions for 2001 is reduced by government assistance of \$1,089,000 [2000 - \$668,000].

The estimated amount required to complete authorized capital projects is \$9.4 million at November 30, 2001. The majority of these expenditures are expected to be incurred over the next 12 months.

## 5. SHORT-TERM BANK LOAN

The company's Japanese subsidiary has short-term, unsecured debt outstanding with one of its Japanese bankers, of Yen 100,000,000 [Cdn. \$1,281,000], bearing interest at Yen TIBOR plus 1.95% and due on December 26, 2001.

## 6. CAPITAL STOCK

The issued common shares of the company as at November 30, 2001 and 2000 consist of 35,664,624 common shares at a stated value of \$6,994,000.

The company has an incentive stock option plan, which provides for the granting of options for the benefit of employees, officers and directors. The total number of company shares that may be issued under this plan is 1,750,000.

All options are granted for a term of seven years from the grant date with vesting of 25% at the end of the first, second, third and fourth years from the date of grant, respectively. All options allow the holder to purchase common shares at a price equal to the market price of such shares at the date of grant.

A summary of the plan and changes during 2001 and 2000 are as follows:

	2001		2000	
	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
<b>Outstanding, beginning of year</b>	408,250	13.00	—	—
Granted	495,500	11.85	408,250	13.00
Forfeited	(28,000)	13.00	—	—
<b>Outstanding, end of year</b>	875,750	12.35	408,250	13.00
<b>Options exercisable at year end</b>	95,063	13.00	—	—

The following table summarizes information about options outstanding at November 30, 2001:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$11.05 - \$16.50	875,750	6.3 years	\$12.35	95,063	\$13.00

## Earnings per share

The following is a reconciliation of the numerator and denominator of earnings per share computations:

	2001	2000
<b>Net earnings for the year</b>	10,536	18,774
Weighted average shares outstanding [numbers in thousands]	35,665	35,665
Effect of dilutive stock options	44	—
<b>Diluted weighted average shares outstanding</b>	35,709	35,665
<b>Earnings per share</b>		
Basic	\$0.30	\$0.53
Diluted	\$0.30	\$0.53

Options to purchase 5,500 and 408,250 common shares for the years ended November 30, 2001 and 2000, respectively, were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

## 7. SEGMENTED INFORMATION

The company is organized and managed, for financial reporting purposes, as a single business segment being the design and manufacture of electronic components, primarily silicon integrated circuits and thin-film hybrid circuits, for specialized applications.

Canadian and foreign operations consist of:

	2001			2000		
	Canada	Foreign	Total	Canada	Foreign	Total
<b>Revenue</b>						
Domestic	11,677	24,464	36,141	13,058	28,368	41,426
Export	75,684	—	75,684	83,574	—	83,574
	87,361	24,464	111,825	96,632	28,368	125,000
Inter-company eliminations	(18,748)	—	(18,748)	(18,464)	—	(18,464)
<b>Total revenue</b>	68,613	24,464	93,077	78,168	28,368	106,536
<b>Capital assets</b>	45,157	255	45,412	39,927	54	39,981



Revenue information by product group is as follows:

	2001	2000
Hearing instrument components	48,425	49,681
Video components	43,339	55,288
Other components	1,313	1,567
	<b>93,077</b>	<b>106,536</b>

Revenue by principal market is as follows:

	2001	2000
United States	39,622	41,661
Europe	18,638	21,932
Pacific Rim	23,140	29,885
Canada	11,677	13,058
	<b>93,077</b>	<b>106,536</b>

During the year ended November 30, 2001, one [2000 - none] client accounted for 10% of the company's total revenue.

## 8. INCOME TAXES

Income tax expense consists of:

	2001	2000
Current income taxes	4,814	10,616
Future income taxes	195	185
	<b>5,009</b>	<b>10,801</b>

The following is a reconciliation of the expected income tax expense obtained by applying the combined corporate tax rates to income before income taxes:

	2001	2000
Expected income tax expense using statutory tax rates	5,331	10,456
Permanent differences and other		
Foreign	(84)	395
Domestic	(232)	(66)
Foreign rate differentials	(6)	16
<b>Provision for income taxes</b>	<b>5,009</b>	<b>10,801</b>
<b>Effective tax rate</b>	<b>32.2%</b>	<b>36.5%</b>

Components of future income taxes by jurisdiction are summarized as follows:

	2001	2000
<b>Canada</b>		
Future income tax liabilities - current		
Accounting income not currently taxable	944	901
Future income tax liabilities - long-term		
Tax depreciation in excess of book depreciation	645	435
Other	368	254
	1,013	689
<b>Foreign</b>		
Future income tax assets - long-term		
Accounting provisions not currently deductible for tax purposes	172	—

## 9. CUMULATIVE TRANSLATION ADJUSTMENT

Unrealized translation adjustments, which arise on the translation to Canadian dollars of assets and liabilities of the company's self-sustaining foreign operations, resulted in an unrealized currency translation loss of \$676,000 for the year ended November 30, 2001. The unrealized loss resulted primarily from the weakening of the Yen against the Canadian dollar.

## 10. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

	2001	2000
Accounts receivable	59	(1,474)
Inventories	(823)	(726)
Prepaid expenses and other assets	(790)	400
Income taxes recoverable	(2,675)	(3,066)
Accounts payable and accrued liabilities	(4,816)	362
	(9,045)	(4,504)

During the year, the company made income tax payments of \$7,908,000 [2000 - \$13,670,000].

## 11. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform to the presentation adopted in the current year.



# CORPORATE INFORMATION

## Directors

H. Douglas Barber, Ph.D.<sup>1,2</sup>  
Retired

Marcel Bernard<sup>1,2</sup>  
Private Investor

Pierre Choquette<sup>2,3</sup>  
President & Chief Executive Officer  
Methanex Corporation  
(Vancouver, BC)

Robert A. Ferchat, FCA<sup>3</sup>  
Corporate Director

Ian L. McWalter, Ph.D.  
President & Chief Executive Officer  
Gennum Corporation

Waldemar A. Pieczonka, Ph.D.<sup>1,2</sup>  
Retired

Stephen R. Scotchmer<sup>3</sup>  
Private Investor

H. Patrick Thode, CA<sup>1,2,3</sup>  
Private Investor

<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Corporate Governance Committee

<sup>3</sup> Member of the Human Resource Committee

## Officers

H. Patrick Thode, CA  
Chairman

Ian L. McWalter, Ph.D.  
President & Chief Executive Officer

Michael R. Fielding  
Executive Vice President

Peter D. Bloch, CA  
Vice President, Finance and Administration & Chief Financial Officer

Gora Ganguli  
Vice President & General Manager, Hearing Instrument Products

David L. Lynch  
Vice President & General Manager, Video Products

Alan D. Murray  
Vice President, Human Resources

Paul Paradis, LLB  
Ross & McBride LLP  
(Hamilton, Ontario)

## Secretary

## Transfer Agent & Registrar

Computershare Trust Company of Canada  
(Toronto, Ontario)

## Auditors

Ernst & Young LLP

## Stock Listing

The Toronto Stock Exchange  
Trading Symbol -- GND

## Corporate Address

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*\*Incorporated under the laws of Ontario*

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232 Herzberg Road, Suite 202  
Kanata, Ontario K2K 2A1  
Tel: (613) 270-0458  
Fax: (613) 270-0429

## SHAREHOLDERS' MEETING

The Annual General Meeting of the Shareholders of Gennum Corporation will be held at The Burlington Conference Centre, 5420 North Service Road, Burlington, Ontario on the 24th day of April, 2002 at 4:30 p.m.

For further information, contact Gennum Investor Relations (905) 632-2999 ext. 3010.

GENNUM CORPORATION



[www.gennum.com](http://www.gennum.com)